

THE TORONTO STOCK EXCHANGE

8/3/68

FILING STATEMENT NO. 1609.
FILED, APRIL 25th, 1968.

FIRST MARITIME MINING CORPORATION LIMITED (No Personal Liability)

Incorporated under New Brunswick Companies Act By Letters Patent dated December 8th, 1952; Letters Patent of Amalgamation dated December 30th, 1955; Supplementary Letters Patent dated May 19th, 1964 and August 18th, 1966.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953

(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous Filing Statement No. 1078.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>(a) Creation, issue and sale to an underwriter of \$500,000 principal amount of the Company's 8% Second Convertible Debentures (See Items 6 and 7 hereof).</p> <p>(b) Sale by Company of certain plant, mill and equipment (See Item 19 hereof).</p>		
2. Head office address and any other office address.	Head Office:	Town of Bathurst, New Brunswick.	
	Executive Office:	Suite 908, 330 Bay St., Toronto 1, Ont	
	Mine Office:	Tilt Cove, Green Bay, Newfoundland.	
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	Director,	ROBERT J. ISAACS,	Mining Engineer
	President and General Manager	419 The Kingsway, Islington, Ont.	
	Director,	GORDON L. MOORE,	Executive
	Vice-President and Secretary	257 The East Mall, Apt. 207, Islington, Ont.	
	Treasurer	KEITH A. WALKER,	Chartered Accountant
		972 Vistula Dr., Fairport Beach, Ajax, Ontario.	
	Assistant Secretary	CHARLES B. BRANNIGAN,	Mining Accountant
		40 Elvaston Dr., Toronto 16, Ont.	
	Director	HUGH H. MACKAY,	Stock Broker
		15 Doncliffe Dr., Toronto 12, Ont.	
	Director	WALLACE D. MACAULAY,	Barrister and Solicitor
		P.O. Box 1289, 44 Prince William St., Saint John, N.B.	
	Director	YVES PRATTE,	Barrister and Solicitor
		100 Place d'Youville, Quebec City, Quebec.	
	Director	LAWRENCE F. DALEY,	Barrister-at-Law
		P.O. Box 355, Halifax, Nova Scotia.	
	Director	E. N. MCKELVEY,	Barrister and Solicitor
		Beach Crescent, Saint John, N.B.	
4. Share capitalization showing authorized and issued and outstanding capital.	<p>Authorized: \$7,000,000 divided into 7,000,000 shares of the par value of \$1.00 each.</p> <p>Issued: 5,000,000 shares.</p>		
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>\$2,500,000 (Canadian) 6% convertible debentures, maturing June 1, 1969, convertible into shares at the rate of one share for \$2.50 of debentures.</p> <p>\$162,739.73 accrued interest thereon.</p> <p>The Company is indebted to its bankers in the sum of approximately \$3,234,281.</p>		

<p>6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p>	<p>The Company intends to immediately create \$1,000,000 principal amount of 8% second convertible debentures. Interest on the said debentures shall be payable semi-annually on April 1 and October 1 and the maturity date shall be December 31, 1973. The debentures may be called by the Company in whole or in part at any time on 30 days' notice. The debentures will be secured by a second floating charge on the assets of the Company and Gullbridge Mines Limited which is the wholly-owned subsidiary of the Company will guarantee repayment of the principal and interest of the debentures and as security therefor will charge by way of fixed mortgage the mining property and fixed assets of Gullbridge in Newfoundland.</p> <p>The second convertible debentures shall contain a conversion privilege in favour of the holder thereof affording the holder the right to convert debentures at any time up to December 31, 1972 into shares in the capital of the Company having a par value of \$1.00 each. The conversion privilege shall be exercisable at the greater of (i) one share for such dollar amount of debentures as is the equal of the average daily closing price for board lots of shares of the Company traded on the Toronto Stock Exchange over the three months period immediately preceding the date of conversion, or at the option of the purchaser, such price less 10% thereof, or (ii) one share for each \$1.00 worth of debentures. The Company has agreed to sell to Kent Line Limited, Golden Ball Building, Saint John, New Brunswick, \$500,000 principal amount of the said 8% second convertible debentures. The purchaser has agreed to subscribe for and purchase such \$500,000 principal amount of the said debentures, \$200,000 immediately, and the remainder in blocks of not less than \$100,000 principal amount as and when required to do so by the Company and on not less than 30 days' notice from the Company, provided that all of the same must be purchased by August 31, 1968. Interest on the debentures shall be payable from the respective dates of issue. The Company understands that such purchaser is purchasing such debentures for investment and not with a view to resale or public distribution, and such debentures will not be registered for public sale.</p> <p>The said 8% second convertible debentures are subordinated to and rank behind the existing 6% first convertible debentures of the Company, whereof \$2,500,000 principal amount are presently outstanding and mature on June 1, 1969.</p>
<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>The Company is informed that the only persons having any ultimate beneficial interest in Kent Line Limited aforesaid are K.C.Irving, P.O. Box 1421, Golden Ball Building, Saint John, New Brunswick, his wife Harriet Irving and their sons, James K. Irving, Arthur L. Irving and John E. Irving.</p>
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>None.</p>
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>The Company intends to use the proceeds from the sale of its \$500,000 principal amount of 8% second convertible debentures to pay its trade accounts and the capital cost accounts of its wholly owned subsidiary Gullbridge Mines Limited, and to pay other current liabilities to the extent possible. Funds to be received from sale of machinery and equipment from the Tilt Cove Mine and sale of equipment from Tilt Cove Power Corporation are expected to net the Company \$800,000. Such funds as and when received, and after any necessary provision for working capital, will also be applied in reduction of current bank liabilities.</p> <p>The property of Gullbridge Mines Limited, the Company's wholly owned subsidiary, is in production of copper concentrates and for a summary of operations thereat, reference is made to the report dated February, 1968 prepared by R.J.Isaacs, B.A.Sc., P.Eng., which report forms a part of this filing statement.</p> <p>(See Report on pages 14 and 15.)</p>

10. Brief statement of company's chief development work during past year.	Reference is made to the aforesaid report of R.J. Isaacs for a summary of the operation of the Tilt Cove mine which was shut down during June, 1967, due to lack of commercial ore, and for the particulars of the Gullbridge Mine operation now in progress. S (See Report on pages 14 and 15.)																											
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Not applicable																											
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable																											
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	No shares of the Company are held in escrow or pool.																											
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable.																											
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table><tr><td>Barclays (Nassau) Nominees Co. Ltd., Box 357, Nassau, Bahamas.</td><td>1,359,775</td></tr><tr><td>K.C. Irving Limited, P. O. Box 1421, St. John, New Brunswick.</td><td>578,281</td></tr><tr><td>Barclays (Nassau) Nominees Co. Ltd., P. O. Box 787, St. John, New Brunswick.</td><td>358,800</td></tr><tr><td>Houston & Co., 335 Bay Street, Toronto, Ontario.</td><td>217,000</td></tr><tr><td>Hugh Mackay & Company Limited, 235 St. James Street West, Montreal, Quebec.</td><td>159,550</td></tr><tr><td>Royter & Co. #1 Account, c/o The Royal Bank of Canada, 20 King Street West, Toronto, Ontario.</td><td>157,650</td></tr><tr><td colspan="2">No director or officer of the Company has any knowledge as to the beneficial owners of shares listed above except those registered in the name of K.C. Irving Limited, which shares are believed to be beneficially owned by that company.</td></tr></table>				Barclays (Nassau) Nominees Co. Ltd., Box 357, Nassau, Bahamas.	1,359,775	K.C. Irving Limited, P. O. Box 1421, St. John, New Brunswick.	578,281	Barclays (Nassau) Nominees Co. Ltd., P. O. Box 787, St. John, New Brunswick.	358,800	Houston & Co., 335 Bay Street, Toronto, Ontario.	217,000	Hugh Mackay & Company Limited, 235 St. James Street West, Montreal, Quebec.	159,550	Royter & Co. #1 Account, c/o The Royal Bank of Canada, 20 King Street West, Toronto, Ontario.	157,650	No director or officer of the Company has any knowledge as to the beneficial owners of shares listed above except those registered in the name of K.C. Irving Limited, which shares are believed to be beneficially owned by that company.											
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16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	It is believed that K.C. Irving aforesaid, by virtue of proxies obtained by him from shareholders of the Company, is in a position to materially affect the control of the Company.																											
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><tr><th>Company</th><th>Shares</th><th>Cost</th><th>Market Value (2/20/68)</th></tr><tr><td>Brunswick Mining & Smelting</td><td>1,933,353</td><td>\$5,675,421.96</td><td>\$9,183,426.75</td></tr><tr><td>Gullbridge Mines Ltd. Class "B"</td><td>2,500,000</td><td>1,303,746.25</td><td>Nil</td></tr><tr><td>Newfoundland Gull Lake Mines Limited</td><td>3,645,005</td><td>230,623.00</td><td>Nil</td></tr><tr><td>Tilt Cove Power Corporation Limited</td><td>500,000</td><td>300,000.00</td><td>Nil</td></tr><tr><td>Total -</td><td></td><td><u>\$7,509,791.21</u></td><td><u>\$9,183,426.75</u></td></tr></table>				Company	Shares	Cost	Market Value (2/20/68)	Brunswick Mining & Smelting	1,933,353	\$5,675,421.96	\$9,183,426.75	Gullbridge Mines Ltd. Class "B"	2,500,000	1,303,746.25	Nil	Newfoundland Gull Lake Mines Limited	3,645,005	230,623.00	Nil	Tilt Cove Power Corporation Limited	500,000	300,000.00	Nil	Total -		<u>\$7,509,791.21</u>	<u>\$9,183,426.75</u>
Company	Shares	Cost	Market Value (2/20/68)																									
Brunswick Mining & Smelting	1,933,353	\$5,675,421.96	\$9,183,426.75																									
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FINANCIAL STATEMENTS

FIRST MARITIME MINING CORPORATION LIMITED

(No Personal Liability)

(Incorporated under the Laws of New Brunswick)

BALANCE SHEET - DECEMBER 31st, 1967

ASSETS

CURRENT
 Cash \$ 2,951
 Net estimated amount receivable from sale of mineral concentrates (Note 1) 274,828
 Accounts receivable 784,720
 Special refundable corporation tax and accrued interest 5,394
 Prepaid expenses 8,880
 Materials and supplies on hand and in transit, at estimated realizable value 50,000

INVESTMENTS

Shares in and advances to subsidiary companies (Note 2) 10,949,005
 Shares in other companies (Quoted market value \$9,570,097) (Note 3) 5,675,422

FIXED

Land, mining grants and mining licences, at cost (Note 4) 1,341,576
 Buildings, surface structures and equipment, at estimated realizable value 225,000

DEFERRED

Mine development expenses, less amortization (Note 6) 153,666

\$19,471,442

LIABILITIES

CURRENT
 Bank overdraft \$ 182,656
 Bank loans, secured 3,051,625
 Accounts payable and accrued liabilities 834,398

LONG TERM
 6% Convertible debentures, due June 1st, 1969 2,500,000

COMMITMENT
 (Note 8) \$ 1,126,773

SHAREHOLDERS' EQUITY

CAPITAL STOCK
 Authorized: 7,000,000 Shares of \$1.00 par value
 Issued: 5,000,000 Shares 5,000,000

CONTRIBUTED SURPLUS
 Balance, end of year, unchanged 8,638,072
13,638,072

DEFICIT
 Balance, end of year 735,309

12,902,763

\$19,471,442

APPROVED ON BEHALF OF THE BOARD:

Director

Director

Prepared without audit

FIRST MARITIME MINING CORPORATION LIMITED
(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

December 31st, 1967

AMOUNT RECEIVABLE FROM SALE OF MINERAL CONCENTRATES

1. Mineral concentrates produced have been sold to an independent processor. Final determination of the amount receivable is reported to the Company by the processor in the fourth month following the placing of the mineral concentrate into process. Concentrates on hand and in process at December 31, 1967 have been valued at 54.0825¢ per pound of copper which is the price received in January, 1968 for December, 1967 sales. Gold has been valued at \$35.00 U.S. converted at 8% premium.

	Interest Held %	Shares at Cost \$	Advances \$
INVESTMENTS			
2. Non-operating subsidiaries			
Gullbridge Mines Limited and Newfoundland Gull Lake Mines Limited	100	1,534,369	9,245,499
Operating subsidiary			
Tilt Cove Power Corporation Limited	100	<u>300,000</u>	<u>(130,863)</u>
		1,834,369	<u>9,114,636</u>
		<u>9,114,636</u>	
Per Balance Sheet		<u>10,949,005</u>	
3. Other companies			
Brunswick Mining and Smelting Corporation Limited (1,933,353 shares having a quoted market value of \$9,570,097)	22.6	<u>5,675,422</u>	

LAND, MINING GRANTS AND MINING LICENCES

	Cost \$
4. These assets are comprised of:	
In the Province of Newfoundland:	
Land and surface properties	39,020
Mining and land grants at Tilt Cove, Green Bay District	1,182,556
In the Province of New Brunswick:	
2 Mining licences in the Parish of Bathurst, County of Gloucester	<u>120,000</u>
Per Balance Sheet	<u>1,341,576</u>

DEPRECIATION AND MINE DEVELOPMENT PROVISIONS

5. Depreciation has been provided on all buildings, surface structures and equipment at the rate of 10% per annum from commencement of production, September 1st, 1957, to cessation of production, June 30, 1967.
6. Development expenses on the Company's Newfoundland properties have been completely written off, the balance remaining being development expenses on the Company's New Brunswick properties.

6% CONVERTIBLE DEBENTURES

7. The 6% debentures, maturing June 1st, 1969, are convertible on or before June 1st, 1968 into shares of the Company at the rate of one share for each \$2.50 of principal. The debentures are secured by a floating charge on the Company's assets and are redeemable at par plus accrued interest on thirty days' written notice to the registered holders thereof.

COMMITMENT

8. The Company is committed to making contributions to the Roman Catholic and Amalgamated School Boards of the town of La Scie, Newfoundland, to a total of \$40,000 and payable in four instalments of \$10,000 each in the years 1967, 1968, 1969 and 1970. The 1967 instalment was paid early in 1968.

FUTURE FINANCING

9. Falconbridge Nickel Mines, under existing agreements, has the right to participate to the extent of one-third of any future financing which might be arranged by the Company.

We hereby certify that there have been no material changes in the items on the Balance Sheet of the Company since date of the said Balance Sheet dated December 31, 1967 and date of the Company's Filing Statement other than as disclosed in Items 19 and 20 in said Filing Statement.

FIRST MARITIME MINING CORPORATION LIMITED (No Personal Liability)

R. J. [Signature], President
[Signature], Secretary

FIRST MARITIME MINING CORPORATION LIMITED (No Personal Liability)

STATEMENT OF DEFICIT

For the year ended December 31, 1967

Balance, beginning of year		\$1,152,882
Add: Net loss for the year		<u>605,619</u>
		1,758,501
Deduct: Interest on 1964, 1965 and 1966 advances to subsidiary charged in current year	\$ 377,002	
Net gain on disposal of fixed assets and adjustment to estimated recoverable value of fixed assets available for disposal	<u>646,190</u>	<u>1,023,192</u>
Balance, end of year		<u>\$ 735,309</u>

FIRST MARITIME MINING CORPORATION LIMITED (No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1967

SOURCE OF FUNDS

Proceeds from sale of buildings, surface structures and equipment	\$ <u>950,237</u>
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APPLICATION OF FUNDS

Net loss	\$ 605,619	
Depreciation of fixed assets	<u>424,361</u>	
Funds applicable to operations		181,258
Mine development expenses		5,197
Equipment purchased		<u>5,757</u>
Advances to subsidiaries (net)	1,905,250	
Less: Interest on advances to subsidiary of prior years charged as advance to subsidiary in current year	<u>377,002</u>	<u>1,528,248</u>
		<u>1,720,460</u>

WORKING CAPITAL

Decrease for the year	770,223
Deficiency at beginning of year	<u>2,171,683</u>
Deficiency at end of year	<u>\$2,941,906</u>

Represented by:

	— December 31 —	
	1966	1967
Current assets	1,736,779	1,126,773
Current liabilities	<u>3,908,462</u>	<u>4,068,679</u>
	<u>\$2,171,683</u>	<u>\$2,941,906</u>

APPROVED ON BEHALF OF THE BOARD:

[Signature] Director
[Signature] Director

FIRST MARITIME MINING CORPORATION LIMITED
(No Personal Liability)

STATEMENT OF INCOME AND EXPENSES

For the year ended December 31st, 1967
~~(With comparative figures for 1966)~~

INCOME

Gross metal production	\$1,557,163
Less: Marketing costs	<u>262,751</u>

Net metal production	\$1,294,412
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OPERATING EXPENSES

Mining	771,611
Milling	318,509
Mine general expenses	135,835
Administrative expenses	<u>42,971</u>

1,268,926

NET PROFIT on operations to June 30, 1967 before
provision for depreciation

25,486

PROVISION FOR

Depreciation of fixed assets

424,361

NET LOSS on operations to June 30, 1967

398,875

MINE SHUTDOWN EXPENSES from July 1, 1967

Closing down and salvage expenses	159,277
Mine general expenses	54,138
Administrative expenses	<u>59,188</u>

272,603

671,478

FINANCIAL INCOME AND EXPENSES

Interest on advances to subsidiary	\$489,334
Foreign exchange gain	<u>7,732</u>

497,066

Interest on debentures	150,000
Other interest	<u>281,207</u>

431,207

65,859

NET LOSS for the year

\$ 605,619

GULLBRIDGE MINES LIMITED
(Incorporated under the Laws of Ontario)
BALANCE SHEET - DECEMBER 31, 1967

A S S E T S

<u>CURRENT:</u>		<u>LIABILITIES</u>	
Cash	\$ 5,916.	Accounts payable and accrued liabilities	\$1,057,609.
Net estimated amount receivable from sale of mineral concentrates (Note 1)	1,810,402.	Bank Loan - Guaranteed	500,000.
Accounts receivable	9,990.	Demand note payable	51,614.
Prepaid expenses	28,033.		\$ 1,609,223.
	\$ 1,854,341.		
			9,245,499.

ADVANCE FROM PARENT COMPANY:
First Maritime Mining Corporation Limited

FIXED:

In the Province of Newfoundland, at cost:	
16 fee simple mining grants at Great Gull Lake	38,012.
Land	6,938.
Buildings, surface structures and equipment	\$4,967,588.
Harbour, dock sites and coffer dams	491,400.
	5,458,988.
Less: Accumulated depreciation	545,899.
	4,913,089.
	4,958,039.

S H A R E H O L D E R S ' E Q U I T Y

CAPITAL STOCK:

Authorized:	
500,000 Class A cumulative, non-voting shares without par value, not to exceed in the aggregate	\$ 500,000.
3,000,000 Class B shares without par value, not to exceed in the aggregate	\$3,000,000.

Issued:

500,000 Class A shares (Note 4)	25,000.
2,500,000 Class B shares	946,959.
	971,959.

DEFICIT:

Balance, beginning of year	\$178,657.
Add: Loss on sale of fixed assets	2,758.
Loss for the year ended December 31, 1967	866,301.
	1,047,716.
	(75,757.)

APPROVED ON BEHALF OF THE BOARD:

Director

Director

\$10,778,965.

Prepared without audit

\$10,778,965.

GULLBRIDGE MINES LIMITED
NOTES TO FINANCIAL STATEMENTS

December 31st, 1967

AMOUNT RECEIVABLE FROM SALE OF CONCENTRATES

1. Mineral concentrates produced have been sold to an independent processor. Final determination of the amount receivable is reported to the Company by the processor in the fourth month following the placing of the mineral concentrate into process. Mineral, concentrates on hand and in process at December 31, 1967 have been valued at 54.0825¢ per pound of copper which is the price received in January, 1968 for December 1967 sales.

DEPRECIATION PROVISION

2. Depreciation has been provided on all buildings, surface structures, equipment, harbour, dock sites and coffer dams at the rate of 10% per annum from commencement of production at the beginning of the current year.

MINE DEVELOPMENT EXPENSES AND AMORTIZATION PROVISION

3. Mine development expenses have been increased by an amount of interest calculated at 6% on the advances from the parent company throughout 1964, 1965 and 1966 (prior to commencement of production). Amortization is calculated at 15%.

CAPITAL STOCK

4. Cumulative dividends at a fixed rate of five cents per share on class A shares are in arrears from January 1, 1953. In the event of liquidation, dissolution or wind-up of the company, holders of class A shares are entitled to receive for their shares \$1. per share plus unpaid dividends to date prior to any claims of class B shareholders.

We hereby certify that there have been no material changes in the items on the Balance Sheet of the Company since date of the said Balance Sheet dated December 31, 1967 and date of the Company's Filing Statement.

GULLBRIDGE MINES LIMITED

 , President

 , Secretary

GULBRIDGE MINES LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
For the year ended December 31, 1967

SOURCE OF FUNDS

Net loss	\$ 866,301.	
Depreciation of fixed assets and amortization of deferred development	<u>1,181,292.</u>	
Funds applicable to operations	314,991.	
Reduction of material and supplies	159,302.	
Advances from parent company	<u>1,983,569.</u>	\$2,457,862.

APPLICATION OF FUNDS

Purchases of fixed assets less sales proceeds	628,294.	
Mine development expenses	<u>377,002.</u>	<u>1,005,296.</u>

WORKING CAPITAL

Increase for the year	1,452,566.	
Deficiency, beginning of year	<u>1,207,448.</u>	
Balance, end of year		<u>\$ 245,118.</u>

Represented by:

	- December 31 -	
	<u>1966</u>	<u>1967</u>
Current assets	\$1,854,341.	\$ 61,286.
Current liabilities	<u>1,609,223.</u>	<u>1,268,734.</u>
	<u>\$ 245,118.</u>	<u>(\$1,207,448.)</u>

APPROVED ON BEHALF OF THE BOARD:

B. J. [Signature] Director
[Signature] Director

GULBRIDGE MINES LIMITED
STATEMENT OF INCOME AND EXPENSES
For the year ended December 31, 1967

INCOME

Gross metal production	\$4,125,155.
Less: Marketing costs	<u>646,886.</u>
Net metal production	3,478,269.

OPERATING EXPENSES

Mining	\$1,456,580.	
Milling	693,838.	
Mine general expenses	402,072.	
Administrative expenses.	<u>78,746.</u>	<u>2,631,236.</u>
NET PROFIT on operations before the following provisions		847,033.

PROVISION FOR

Depreciation of fixed assets	545,899.	
Amortization of deferred development	<u>635,393.</u>	<u>1,181,292.</u>
NET LOSS on operations		334,259.

FINANCIAL EXPENSES

Interest on borrowed funds	<u>532,042.</u>
NET LOSS for the year	<u>\$ 866,301.</u>

LOFTUS A. ALLEN & COMPANY

CHARTERED ACCOUNTANTS

SUITE 1910 - P.O. BOX 131
TORONTO DOMINION TOWER
TORONTO-DOMINION CENTRE
TORONTO 1, CANADA

TELEPHONE 352-6349
AREA CODE 416

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of

TILT COVE POWER CORPORATION LIMITED

as at December 31, 1967 and the statement of profit and loss for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The Company did not provide any depreciation during the year.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 9, 1968.

Loftus A. Allen
Chartered Accountants

TILT COVE POWER CORPORATION LIMITED
(Incorporated under the Laws of Ontario)

BALANCE SHEET

AS AT DECEMBER 31, 1967

ASSETS

Current Assets			
Cash	\$	3,137	
Stores and supplies		620	
Prepaid expenses		<u>1,188</u>	\$ 4,945
Advance to First Maritime Mining Corporation Limited			130,861
Fixed Assets - at cost			
Leased lands	\$	1	
Buildings and plant			
Site clearing and foundations	\$	71,906	
Building superstructure		49,234	
Machinery and equipment		724,598	
Offsite machinery and equipment		37,160	
Furniture, fixtures, tools and moveable equipment		<u>870</u>	
		\$883,768	
Less: Accumulated depreciation		<u>676,609</u>	<u>207,159</u> 207,160
Organization Expense			<u>785</u>
			<u>\$343,751</u>

LIABILITIES

Current Liabilities

Accounts payable

\$102,398

Shareholders' Equity

Capital

Authorized and Issued

500,000 Common shares
without par value

\$250,001

Deficit

Unchanged since December 31, 1962

8,648241,353\$343,751

Approved on behalf of the Board

DirectorDirector

Auditors' report attached.

TILT COVE POWER CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1967

REVENUE

Power

\$120,271

Steam

35,438 \$155,709

OPERATING EXPENSE

Bunker "C" Oil

\$102,488

Wages

27,181

Supplies and spare parts

13,577

Miscellaneous operating
expense

4,274

Employee benefits

1,685

\$149,205

ADMINISTRATIVE AND GENERAL EXPENSE

Office maintenance and expense

\$ 3,121

Travelling

145

Insurance

3,047

Taxes

856,398155,603

OPERATING PROFIT

\$ 106

FINANCIAL EXPENSE

Bank charges and interest

106

NET PROFIT OR LOSS FOR THE YEAR

\$ -0-

NOTE: The Company ceased operations in June, 1967.

NEWFOUNDLAND GULL LAKE MINES, LIMITED
(Incorporated under the Laws of Ontario)

B A L A N C E S H E E T

December 31, 19 67

A S S E T S

500,000 Class A cumulative, non-voting shares of Gullbridge Mines Limited without par value, at issued value	\$ 25,000
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L I A B I L I T I E S

CONTINGENT LIABILITIES (see note)

S H A R E H O L D E R S ' E Q U I T Y

CAPITAL STOCK

Authorized:

6,000,000 Shares of \$1.00 par value - \$6,000,000

Issued:

3,645,005 Shares	\$ 3,645,005
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Less: Discount thereon	<u>3,212,000</u>
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433,005

DEFICIT

408,005

\$ 25,000

- Notes: 1. On January 8, 1951 the Directors and Shareholders ratified an agreement dated December 27, 1950 whereby the Company's mining claims were transferred to Gullbridge Mines Limited. The Company has been inactive since except that it has continuously held 500,000 Class A, non-voting shares of Gullbridge Mines Limited of no par value received pursuant to the agreement.
2. The Company's known liabilities amounting to an estimated \$856, since control was acquired by the parent company have been assumed by the parent company, First Maritime Mining Corporation Limited (No Personal Liability) and reimbursement of amounts advanced could be demanded, however this is not anticipated since the Company is a wholly-owned subsidiary.
3. The Company was known to have had other assets at a previous time but as records of the Company were not forwarded by the previous management to the present management of the Company, the balance sheet of the Company has been prepared based on the present directors' awareness of no other assets nor liabilities at the present time other than those items on the balance sheet or noted as a contingency by note.

ENGINEER'S REPORT

REPORT ON

FIRST MARITIME MINING CORPORATION LIMITED (No Personal Liability)

by

R. J. ISAACS, B.A.Sc., P.Eng.

February, 1968

INTRODUCTION:

First Maritime Mining Corporation Limited, at date of this Report, owns in addition to the Tilt Cove mine and two groups of Mining Claims in the Province of New Brunswick, the following share interest in other Canadian Corporations.

	<u>No. of shares</u>	<u>Per cent of issued shares</u>
Gullbridge Mines Limited Class "B"	2,500,000	100%
Gullbridge Mines Limited Class "A"	500,000	100%
Newfoundland Gull Lake Mines Limited	3,645,005	100%
Tilt Cove Power Corporation Limited - Common	500,000	100%
Brunswick Mining and Smelting Corporation Limited - Common	1,933,353	22.6%

THE TILT COVE MINE

The Tilt Cove mine which is located at Tilt Cove on the north east coast of Newfoundland ceased operations during June 1967, due to lack of commercial ore. The mine, under present management, operated at approximately 2,000 tons per day from September 1957 to June 1967 and produced 467,760 short tons of copper concentrates containing 183,597,125 pounds of copper, and 42,425 ounces of gold.

The machinery and equipment from the Tilt Cove mine are presently being sold. The sale of equipment from this mine and the sale of equipment from the Tilt Cove Power Corporation should net slightly over \$1,000,000. Approximately \$800,000. of this amount should be realized during 1968.

TILT COVE POWER CORPORATION LIMITED

Tilt Cove Power Corporation Limited, a wholly owned subsidiary of First Maritime Mining Corporation Limited, was shut down when the Tilt Cove mine closed in June 1967. The machinery and equipment are now being offered for sale.

GULLBRIDGE MINES LIMITED

Gullbridge Mines Limited, which is a wholly owned subsidiary of First Maritime Mining Corporation Limited, is located approximately 23 miles south of the town of Badger in Newfoundland. This mine commenced producing copper concentrates during January 1967. Stope development was held up during 1967 due to grouting operations to seal

off water bearing seams. Production for the year was limited to 66% of mill capacity. Stope development is now up to schedule and January 1968 production has reached 85% of mill capacity. The mine Manager considers full production should be attained in March of this year. During 1967, the Gullbridge mine produced 17,183 short tons of copper concentrates containing 8,000,369 pounds of copper.

Ore reserves are presently estimated at approximately 4,000,000 tons grading 1.0% copper after dilution. This is sufficient to provide mill feed until January 1973. The mine geological staff considers that further exploration work will increase reserves. Due to lack of working capital, exploration for further ore was discontinued in 1967 and it is planned to recommence this work when funds are made available.

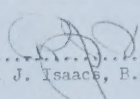
BRUNSWICK MINING AND SMELTING CORPORATION LIMITED

First Maritime Mining Corporation Limited owns 1,933,353 shares of the capital stock of Brunswick Mining and Smelting Corporation Limited, which in turn owns 100% of East Coast Smelting and Chemical Company Limited. The present market value of the Brunswick stock is \$9,666,000. The large ore reserves and future potential of Brunswick make it, in my opinion, an excellent long term investment for First Maritime Mining Corporation Limited.

THE NEW BRUNSWICK PROPERTIES

First Maritime Mining Corporation Limited owns two groups of Mining Claims in the Bathurst mining area of the Province of New Brunswick. The area covered by the two groups is approximately 1,800 acres. The groups are located one immediately north and one immediately south of the Brunswick Mining and Smelting No. 6 mining property.

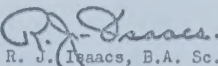
Respectfully submitted.


.....R. J. Isaacs.....
R. J. Isaacs, B.A.Sc., P.Eng.

C E R T I F I C A T E

I, ROBERT JOHN ISAACS, of the borough of Etobicoke, County of York, Province of Ontario, hereby certify:

- (1) THAT I reside at 419 The Kingsway, Islington, Ontario.
- (2) THAT I am a registered professional engineer and that I have been practising in my profession since 1932.
- (3) THAT I am a graduate of the University of Toronto and a Bachelor of Applied Science in mining engineering.
- (4) THAT I am a member of the Association of Professional Engineers of the Province of Ontario.
- (5) THAT I own 101,580 of equity shares of First Maritime Mining Corporation Limited (No Personal Liability).
- (6) THAT I am President of First Maritime Mining Corporation Limited and Gullbridge Mines Limited, its wholly owned subsidiary.
- (7) THAT as President of the Company, I personally visited the properties of First Maritime Mining Corporation Limited and its wholly owned subsidiary, Gullbridge Mines Limited on numerous occasions and have examined all matters relating to such properties.
- (8) THAT this report is based on an intimate knowledge of the property and its financial affairs.


R. J. Isaacs, B.A. Sc., P.Eng.

DATED at Toronto, Ontario,
the 26th day of February, 1968.

<p>18. Brief statement of any lawsuits pending or in process against company or its properties.</p>	<p>There are no lawsuits pending or in process against the Company or its properties. However, the wholly owned subsidiary of the Company, Gullbridge Mines Limited, is the defendant in two separate actions brought against it in the Supreme Court of Ontario. One action has been brought by Foundation of Canada Engineering Corporation Limited, claiming \$40,000, being the balance of an account for services rendered and claiming costs of such action. The other action has been brought in the Supreme Court of Ontario by Link-Belt Limited and is a claim for \$18,421.39, being the balance of the price of certain parts and equipment sold and delivered to Gullbridge and claiming the costs of the action. Gullbridge has not defended the said actions but has made substantial payments to date in reduction of the amounts claimed therein and expects to make final payments of the respective amounts claimed within the near future in order to avoid judgments against Gullbridge in these actions.</p> <p>The amounts of these liabilities, as at December 31, 1967, are included in the financial statements of Gullbridge Mines Limited filed herewith.</p>
<p>19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.</p>	<p>(a) The 6% Convertible Debentures of the Company, maturing June 1, 1969, are convertible on or before June 1st, 1968, into shares of the Company at the rate of one share for each \$2.50 of principal. The Debentures are secured by a floating charge on the Company's assets and are redeemable at par plus accrued interest on thirty days' written notice to the registered holders thereof.</p> <p>(b) Falconbridge Nickel Mines Limited, under existing agreements, has the right to participate to the extent of one-third of any future financing which may be arranged by the Company. Falconbridge Nickel Mines Limited has waived such right with respect to the new 8% Second Convertible Debenture.</p> <p>(c) The Company is committed to making contributions to the Roman Catholic and Amalgamated School Boards of the Town of La Scie, Newfoundland, to a total of \$30,000.00 and payable in three instalments of \$10,000.00 each in the years 1968, 1969 and 1970.</p> <p>(d) By agreement made as of December 21, 1967, with Wexford Mines Limited, the Company agreed to sell to Wexford its mill now located at the Tilt Cove, Newfoundland property of the Company, for the total price of \$575,000.00 of which \$200,000.00 was paid on January 4, 1968, \$200,000.00 is being paid on March 15, 1968, and the balance of \$175,000.00 is payable on June 15, 1968. The \$200,000.00 payment due March 15, 1968 was duly made by Wexford Mines Limited. In addition, the Company has sold other equipment and assets in the total sum of \$375,000.00. This included equipment and machinery sold to Consolidated Rambler Mines Limited to a value of \$95,500.00, equipment and machinery sold to the Company's wholly owned subsidiary Gullbridge Mines Limited to a value of \$153,500.00, power plant and connecting power lines sold to Newfoundland and Labrador Power Commission for \$60,000.00 and approximately \$66,000.00 worth of machinery and equipment sold to other companies.</p>
<p>20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.</p>	<p>At a meeting of the directors of the Company held on March 21, 1968, it was duly resolved that the item on the Company's balance sheet as of December 31, 1967, being submitted herewith and entitled "Land, mining grants and mining licenses, at cost-\$1,341,576.00" be reduced to \$121,001.00 by the writing down to \$1.00 of the cost applicable to the Tilt Cove property and by a corresponding change to the Company's deficit account. No shares of the Company are known to management to be in the course of preliminary distribution to the public.</p>

CERTIFICATE OF THE COMPANY

DATED March 15, 1968.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate secretary.)

"R.J. Isaacs" By: [Signature] CORPORATE
 "G.L. Moore" By: [Signature] SEAL
 KENT LINE MINING CORPORATION LIMITED
 (NO PERSONAL LIABILITY)
 Secretary

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

"K.C. Irving" by: [Signature] President
 "W.J. Johnston" by: [Signature]